

CALIFORNIA MEDICAL ASSOCIATION

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NOTICES AND REPORTS

Executive Committee Minutes

Tentative Draft: Minutes of the 213th Meeting of the Executive Committee, San Francisco, January 23, 1949.

The meeting was called to order by Chairman Shipman in the Association office at 10:30 a.m., Sunday, January 23, 1949.

Roll Call:

Present were Drs. Shipman, Alesen, Bruck and Kneeshaw, Secretary Garland, Editor Wilbur, Dr. D. H. Murray, Chairman of the Committee on Public Policy and Legislation, and Executive Secretary Hunton. A quorum present and acting. Absent: President Askey, attending a meeting as guest speaker.

1. Secretarial Conference:

It was regularly moved, seconded and voted to hold the annual conference of secretaries of county medical societies in San Francisco on Saturday, March 5, 1949, to be followed by a meeting of the Council on March 6, 1949. It was suggested that the secretarial conference be held in the San Francisco County Medical Society building if this is available.

2. San Diego County Medical Society:

(a) A communication was received from the San Diego County Medical Society, offering a suggested plan for inclusion in the A.M.A. public relations program and it was moved, seconded and voted to refer this suggestion to public relations counsel of the A.M.A.

(b) A request from the San Diego County Medical Society that the Association provide the Society with local public relations counsel was discussed and it was moved, seconded and voted that the Association offer to send official representatives to meet with the officers of the county society to discuss the local public relations problem.

3. Public Policy and Legislation:

(a) A resolution adopted by the Legislature of the State of Nebraska, memorializing the federal Congress to refrain from adopting compulsory

health insurance legislation was read and discussed. It was moved, seconded and voted to refer this item to the Committee on Public Policy and Legislation and to write to the Nebraska Legislature the congratulations of the Association for this forward-looking action.

(b) Senate Bill 157, the Governor's health insurance bill, was discussed and it was suggested that amendments might be offered to provide a tax-supported system of furnishing all eligible citizens with legal service, food, clothing and other necessities of life, including morticians' services. The executive secretary was instructed to make inquiries into the total number of California residents now covered by some form of voluntary health insurance.

(c) An amendment to the Biologics Act, to include under the technical supervision and licensing of the State Department of Health those blood banks which do not make a charge for blood or its derivatives, was discussed and it was regularly moved, seconded and voted to approve this amendment and to sponsor it in the Legislature.

(d) It was regularly moved, seconded and voted that the Association again sponsor a proposed amendment to the Hospital District Act to provide safeguards against possible substandard staff membership conditions in hospitals constructed under the terms of the act.

4. Public Relations:

(a) An appeal for funds from the American Free Enterprise Association, Inc., was discussed and it was moved, seconded and voted that it be referred to public relations counsel for the A.M.A.

(b) Dr. Kneeshaw called attention to an item published by a syndicated newspaper columnist in which compulsory health insurance was decried and it was regularly moved, seconded and voted that this be forwarded to public relations counsel for the A.M.A.

5. Cancer Commission:

A request from Dr. Lyell C. Kinney for advice on the production of two additional films on examinations for cancer was discussed and it was regularly

moved, seconded and voted that such films be produced at the expense of the Cancer Commission, possibly with financial assistance from the American Cancer Society, California Division.

6. *Extraprofessional Health Organizations:*

It was regularly moved, seconded and voted that Dr. L. H. Garland be named a member and vice-chairman of the Council's committee to evaluate health organizations outside strict professional ranks and that Dr. John W. Cline, chairman (Drs. L. A. Alesen, E. V. Askey, H. G. MacLean and D. H. Wilbur, members) be urged to continue his leadership of this committee with the assistance of the vice-chairman.

7. *Southern Pacific Medical Department:*

A letter was read from a physician whose services had been sought by the Southern Pacific Railroad's medical department and it was moved, seconded and voted that the Secretary look into the statements contained therein and report to the next Council meeting.

8. *Industrial Accident Commission:*

A request from insurance interests for establishment of a joint insurance-medical committee to consider downward revision of the proposed schedule of fees for compensation services was discussed and it was regularly moved, seconded and voted that this request be referred to the Council. It was also voted to notify all members of the possibility of solicitation of services at reduced fees.

9. *State Department of Education:*

Dr. Kneeshaw called attention to a series of conferences scheduled by the State Department of Education on subjects involving life in rural areas and it was regularly moved, seconded and voted that Dr. Kneeshaw or a representative to be named by him attend such conferences as an observer and participant in discussions.

Adjournment.

SIDNEY J. SHIPMAN, M.D., *Chairman*
L. HENRY GARLAND, M.D., *Secretary*

Suggested Model Contract for Hospital Radiologists

The following suggested model agreement is printed for the information of radiologists and other physicians desirous of completing contracts with private hospitals. This contract was prepared by and as a result of joint conferences between legal counsel for the California Medical Association and counsel for the Association of California Hospitals. It has been approved by the Council of the California Medical Association and is now under study, awaiting final action by a special committee of the hospital group.

The Council believes it is of sufficient interest and importance to the members of the California Medical Association to warrant publishing it in complete form.

MODEL RADIOLOGY AGREEMENT

THIS AGREEMENT made and executed in duplicate at _____, California, as of _____, 19____, by and between _____ HOSPITAL, a corporation, hereinafter designated as "Hospital," and _____ M.D., hereinafter designated as "Radiologist."

COMMENT

(In the event the hospital is a trust or an individual proprietorship, the above provision should be modified to indicate this.)

WITNESSETH:

WHEREAS, The Hospital is the owner and operator of a hospital at _____, California, in which there is located a Diagnostic and Therapeutic Radiological Unit, and

WHEREAS, The Radiologist is a duly qualified and certified specialist, and

WHEREAS, The parties hereto are desirous of entering into this agreement in order to provide a full statement of their respective covenants and agreements in connection with the operation of said Diagnostic and Therapeutic X-ray Unit in said Hospital during the term hereof;

NOW, THEREFORE, For and in consideration of the premises and of the mutual covenants and agreements herein contained, it is understood and agreed by and between the parties hereto as follows:

First: The Hospital shall make available for the use of the Radiologist during the term hereof the space now occupied by its Diagnostic and Therapeutic Unit, and in addition thereto the Hospital shall supply and furnish, at its own cost and expense, for the use of the Radiologist such equipment as may be necessary for the proper operation and conduct of the said Unit. The Hospital shall also, at its own cost and expense, keep and maintain said equipment in good order and repair and upon said equipment or any part thereof becoming worn out or obsolete the Hospital shall replace the same with other equipment of similar character and utility. The Hospital shall also, at its own expense, furnish the Radiologist with ordinary janitor and in-house messenger service, laundry and such electricity for light and power, gas, water and heat as may be required by him for the proper operation and conduct of said X-ray Department. The Radiologist shall be a member of the active staff of the hospital and shall serve as chief of its department of radiology.

COMMENT

In the event the Radiologist owns and furnishes his own equipment, the above paragraph is not applicable, and

language should be inserted to indicate that he is furnishing his own equipment and is responsible for repairs and replacement thereof. It also should be provided that in such event, he is responsible for the payment of all property taxes assessed against the property owned by him and space occupied by the X-ray Department. Such a paragraph could be written as follows:

ALTERNATIVE FIRST

"The Hospital shall make available for the use of the Radiologist during the term hereof the space now occupied by its Diagnostic and Therapeutic Unit. The Radiologist shall supply and furnish, at his own cost and expense, such equipment as may be necessary for the proper operation and conduct of said Unit. The Radiologist shall, at his own cost and expense, keep and maintain said equipment in good order and repair, and in the event said equipment or any part thereof shall become worn out or obsolete, the Radiologist shall replace the same with other equipment of similar character and utility. The Hospital shall, at its own expense, furnish the Radiologist with ordinary janitor and in-house messenger service, laundry, and such electricity for light and power, gas, water and heat as may be required for the proper operation and conduct of said X-ray Department. The Radiologist shall be responsible for and shall promptly pay all property taxes levied against the equipment owned by him and against the space occupied by his department."

Second: The Radiologist shall furnish at his own expense all necessary supplies such as films, chemicals, stationery and similar items. All non-medical personnel required for the proper operation of the X-ray Department shall be employed by the Hospital—the selection and salaries paid such personnel to be subject to the joint approval of the Radiologist and the Hospital, provided that salaries of personnel classifications that are used in other departments of the Hospital shall be uniform, insofar as may be consistent with the recognized hazards of the work.

COMMENT

Some hospitals and doctors may prefer to work out an arrangement under which the employees in the Radiological Department are to be employed directly by the Radiologist. It is the belief of the attorneys for the Association of California Hospitals that such arrangement may jeopardize the welfare exemption if the Hospital is enjoying such exemption. This is on the theory that the law requires that the Hospital own and operate the exempt property, and they feel that if the employees are not the employees of the Hospital, the Hospital cannot claim that it is operating the department. If, however, it is the desire to have such arrangement, it is suggested that the following paragraph be used:

ALTERNATIVE SECOND

"The Radiologist shall furnish at his own expense all necessary supplies such as films, chemicals, stationery and similar items and expendable equipment. He shall choose (with the approval of the Hospital administration), employ and be responsible for all personnel that may be required for the proper conduct of the said department, including technicians, secretaries, and other necessary personnel."

Third: The Radiologist shall operate and conduct the X-ray Department at the Hospital, act as its director, and devote his best ability to the proper

management thereof, using the premises solely for the practice of Radiology, and on an equitable and professional basis.

Fourth: The Radiologist shall perform, without compensation, such teaching and other duties as are in accord with the recommendations of the A.C.S. and the A.M.A. for accrediting hospitals of this type.

COMMENT

In the above paragraph, if the hospital is a teaching hospital or the Radiologist is to be compensated for his instruction work, the words "without compensation" should be eliminated from the above paragraph.

Fifth: The Radiologist and employees under his control shall comply with the policies, rules and regulations of the Hospital subject to the State and federal statutes covering his practice.

Sixth: The Radiologist shall perform without charge all radiological services (other than those for which a charge is collectible from sources other than the Hospital and its employees) required by the Hospital in caring for its employees who may be injured while on duty, and required by interns, residents, student nurses or other students in any department of the Hospital.

Seventh: The Radiologist's professional fees are in general accordance with customary local fees for comparable services and he shall submit herewith a schedule thereof to the Hospital authorities for their information, likewise any proposed changes in said schedule shall be submitted to the Hospital in advance. In the event there is any disagreement as to the fee schedule, such disagreement shall be referred to the executive committee of the medical staff of the Hospital for determination, and if said executive committee does not have a radiologist and pathologist upon it, then the Radiologist shall have the right to appoint a radiologist of his choosing to act as a member of said committee solely for the purposes of this paragraph. The determination of the said executive committee shall be binding upon both parties. If there shall arise any question concerning the character of services furnished in the X-ray Department, the Radiologist or the Hospital shall have the right to submit such matter for determination to said executive committee and its decision in that regard shall be final.

COMMENT

The above provision has been drafted to avoid any contention that there has been a setting of professional fees by a lay person. It is believed that the arbitration provisions of this paragraph will be rarely used since the initial fee schedule is established upon the effective date of the agreement, and it is expected that any changes can be worked out by the administrator of the Hospital and the Radiologist without difficulty. It should be borne in mind that in large hospitals two or more senior qualified radiologists are necessary for the proper care of patients.

Eighth: The Radiologist shall file daily with the business office of the Hospital a memorandum of all x-ray services rendered, and the Hospital shall collect as his agent such bills so rendered, at the

same time as hospital bills owing by said patients are collected. In the case of out-patients, the Radiologist shall issue his own bills, except to clinic and nonpay cases.

COMMENT

It is to be noted that in the above paragraph it is provided that the Radiologist shall do his own billing for out-patient work. However, it is suggested that it may be better for both parties if this sentence is eliminated and the Hospital do all billing. In billing for radiological services, the Hospital need not send out separate bills as one of the purposes of this arrangement is to avoid multiple billing. The hospital must indicate on its statements that it is the "billing agent for Doctor _____, Radiologist," some place on the billhead.

Ninth: On or before the _____ day of each month, the Hospital shall present to the Radiologist a statement and accounting of all his fees for radiological services rendered to in-patients and out-patients for the preceding month together with a check for his fees to be fixed as follows:

From the total of all billing from said preceding calendar month covering radiological services as heretofore provided, the Hospital shall deduct _____ per cent from the billings for in-patients' work and _____ per cent for out-patients' work as an allowance for bad debts, and _____ per cent of the remaining amount shall be the Radiologist's net fees which shall be paid over to the Radiologist with said statement. The remainder thereof shall be retained by the Hospital as compensation to it for the facilities and services furnished by it under the terms of this agreement. The above percentages for bad debts shall be adjusted every six months so that they shall reflect the record of bad debts for the previous six months' period based upon the collection experience for that period.

It is further understood that the Radiologist will not charge professional fees to indigent persons, nonpay clinic cases and persons to whom professional courtesy is customarily extended.

COMMENT

It should be noted in the above paragraph that the percentage is based upon billings rather than upon collections. This was because it is believed that it is much simpler from an accounting viewpoint to determine billings than to apportion collections where there is partial collection. Also, if the contract were to be based upon collections, it would be necessary to make payments over a period of years after the termination of the contract. In using billings as a base, if the parties desire to make an allowance for bad debts, this allowance must be tied to actual experience. In setting the contract up initially, the bad debt deduction should be based upon the record of the most recent collections for the Hospital. The bad debt allowance may be divided into in-patient and out-patient business or may be lumped together as the parties desire. If the parties feel that a bad debt allowance is too cumbersome they may eliminate this provision from the contract entirely.

An additional provision may be added to paragraph *Ninth* when it is customary for the Hospital or its employees to compensate the Radiologist for the cost of supplies and materials used in connection with work done for the Hospital

employees under the provisions of paragraph *Sixth* of this contract. These payments would be paid by the Hospital rather than the employee when the Hospital is carrying its Workmen's Compensation insurance ex-medical. Such a provision might provide as follows:

"In addition to the above payments provided for in this paragraph, the Hospital shall compensate the Radiologist for the cost of materials used in connection with the services performed in paragraph *Sixth* of this contract."

Tenth: In the performance of the work, duties and obligations devolving upon him under this contract, it is mutually understood and agreed that the Radiologist shall be and he at all times is acting and performing as an independent contractor practicing his profession of medicine and surgery and specializing in x-ray diagnosis and treatment; that the Hospital shall neither have nor exercise any control or direction over the methods by which the Radiologist shall perform his work and functions excepting that said Radiologist does by this contract agree to perform his said work and functions at all times in strict accordance with currently approved methods and practice in his professional specialty, and that the sole interest of the Hospital is to assure that said Diagnostic and Therapeutic X-ray work and service shall be performed and rendered in a competent, efficient and satisfactory manner. All applicable provisions of law relating to licensing and regulating of physicians or hospitals shall be fully complied with by all parties hereto. As a member of the medical staff the Radiologist will cooperate with and assist other members of the staff in preparation of clinical reports for publication and will use his best efforts to elevate the standing of the Hospital staff in the field of medical science by publication of unusual or interesting studies made in the Radiological Department.

Eleventh: This agreement shall remain in full force and effect for a term of _____ years from and after the _____, provided, however, that either of the parties hereto shall have the right and privilege of cancelling and terminating this agreement on _____ days' notice to the other and upon the expiration of said notice this agreement shall be and become of no further force or effect whatsoever and each of the parties hereto shall be relieved and discharged therefrom.

COMMENT

The above provision is effective if the arrangement is based upon a percentage of billings. If, however, the arrangement is based upon collections then it will be necessary to make some provision to compensate the Radiologist for his share of collections made for his work performed during the term of the contract, but collected after the termination of the contract. This could be done by accounting for the accounts receivable upon the books and deducting therefrom an allowance for expected bad debts based upon the experience of the Hospital for the previous period. Another method would be to provide that after the accounting for the collections for the current month, the Radiologist had no further interest in collections after that date. This is a matter of negotiation between the parties.

IN WITNESS WHEREOF, The Hospital has caused this agreement to be executed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized and the Radiologist has executed this agreement by hereunto setting his hand as of the day and year first above written.

By _____

By _____

C.P.S. Fee Schedule

The following is a copy of a letter sent by California Physicians' Service to Dr. William L. Bender, chairman of the Fee Schedule Committee appointed by the Council of the California Medical Association to revise the C.P.S. fee schedule:

"Dear Doctor Bender:

"For the purpose of discussing the revised fee schedule prepared by your committee, the Board of Trustees of C.P.S. held a special two-day meeting on February 26th and 27th, most of which was devoted to a study of the schedule. Your letter of transmittal and the revised schedule had been mailed to the trustees two weeks before the meeting, so that all might be familiar with their content.

"Because of the tremendous amount of ground covered in this complete revision, it was felt advisable to appoint a sub-committee of the board to meet with members of your committee, in order to discuss financial implications, policy changes and other matters that were suggested by the Fee Schedule Committee. Dr. Goin appointed Dr. Kendrick Smith of Los Angeles (chairman), Dr. J. Frank Doughty of Tracy, Dr. Henry L. Gardner and Mr. Ransom M. Cook, both of San Francisco, with Drs. Larsen and Gardenier to furnish any needed technical advice. It is my understanding that a meeting of this sub-committee with members of your committee has been arranged for March 5th, in order to discuss these questions frankly.

"The board has asked me to express to you and your committee our sincere appreciation for the tremendous job that you have done. We realize that it is timely that the fee schedule be completely reviewed with respect to overhead of the profession and recent developments in the practice of medicine. We also recognize the time and effort that the committee has put into this work, and assure you that every practical consideration will be given to your recommendations. We believe that members of the profession likewise should know of the fine job that you have done, and are so informing them."

Sincerely yours,

CHESTER L. COOLEY, M.D., *Secretary*

In Memoriam

BALL, WENDELL LEE. Died November 14, 1948, aged 36. Graduate of the University of Oregon Medical School, Portland, 1938. Licensed in California in 1938. Doctor Ball was a member of the Monterey County Medical Society, the California Medical Association, and the American Medical Association.



BEWLEY, MARIETTA HELEN. Died in Los Angeles, February 14, 1949, aged 75, of carcinoma. Graduate of the University of Southern California School of Medicine, Los Angeles, 1900. Licensed in California in 1901. Doctor Bewley was a member of the Los Angeles County Medical Association, the California Medical Association, and the American Medical Association.



EDELSTEIN, JACOB A. Died November 1, 1948, aged 60. Graduate of Fordham University School of Medicine, 1918. Licensed in California in 1918. Doctor Edelstein was a member of the Los Angeles County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.



GRANT, JOHN FRANCIS. Died in Long Beach, January 18, 1949, aged 57. Graduate of Northwestern University Medical School, Chicago, 1917. Licensed in California in 1920. Doctor Grant was a member of the Los Angeles County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.



LOOMIS, FREDERIC MORRIS. Died in Piedmont, February 9, 1949, aged 71, of a heart ailment. Graduate of the University of Michigan Medical School, Ann Arbor, 1912. Licensed in California in 1917. Doctor Loomis was a retired member of the Alameda County Medical Association, and the California Medical Association.



MOULTON, DAN HAZEN. Died in Chico, February 10, 1949, aged 70, of a cerebral hemorrhage. Graduate of the University of California Medical School, Berkeley-San Francisco, 1902. Licensed in California in 1902. Doctor Moulton was a retired member of the Butte-Glenn County Medical Society, and the California Medical Association.



STAMLER, ALLAN ERWIN. Died in Corcoran, February 7, 1949, aged 46, of coronary thrombosis. Graduate of the University of Illinois College of Medicine, Chicago, 1926. Licensed in California in 1940. Doctor Stampler was a member of the Kings County Medical Society, the California Medical Association, and the American Medical Association.



STEIN, CHARLES. Died in Long Beach, January 22, 1949, aged 72. Graduate of the University of Nebraska College of Medicine, Omaha, 1907. Licensed in California in 1917. Doctor Stein was a retired member of the Los Angeles County Medical Association, and the California Medical Association.